



Certificate of Arrangement

Canada Business Corporations Act

Certificat d'arrangement

Loi canadienne sur les sociétés par actions

**ADVANCED PRIMARY MINERALS
CORPORATION**

825376-5

Erdene Resource Development Corporation

377975-1

Erdene Resources Inc.

437431-2

Corporate name(s) of CBCA applicants / Dénomination(s)
sociale(s) de la ou des sociétés LCSA requérantes

Corporation number(s) / Numéro(s) de la ou
des sociétés

I HEREBY CERTIFY that the arrangement set out in the attached articles of arrangement has been effected under section 192 of the *Canada Business Corporations Act*.

JE CERTIFIE que l'arrangement mentionné dans les clauses d'arrangement annexées a pris effet en vertu de l'article 192 de la *Loi canadienne sur les sociétés par actions*.

Marcie Girouard

Director / Directeur

2012-11-09

Date of Arrangement (YYYY-MM-DD)
Date de l'arrangement (AAAA-MM-JJ)



Industry Canada

Industrie Canada

Canada Business
Corporations ActLoi canadienne sur les
sociétés par actionsFORM 14.1
ARTICLES OF ARRANGEMENT
(SECTION 192)FORMULAIRE 14.1
CLAUSES D'ARRANGEMENT
(ARTICLE 192)

1 -- Name of the applicant corporation(s) - Dénomination sociale de la(des) requérante(s) ADVANCED PRIMARY MINERALS CORPORATION Erdene Resource Development Corporation Erdene Resources Inc.	2 -- Corporation No.(s) - N°(s) de la(des) société(s) 825376-5 377975-1 437431-2
3 -- Name of the corporation(s) the articles of which are amended, if applicable Dénomination sociale de la(des) société(s) dont les statuts sont modifiés, le cas échéant Erdene Resource Development Corporation	4 -- Corporation No.(s) - N°(s) de la(des) société(s) 377975-1
5 -- Name of the corporation(s) created by amalgamation, if applicable Dénomination sociale de la(des) société(s) issue(s) de la(des) fusion(s), le cas échéant MORIEN RESOURCES CORP.	6 -- Corporation No.(s) - N°(s) de la(des) société(s) 7748272
7 -- Name of the dissolved corporation(s), if applicable Dénomination sociale de la(des) société(s) dissoute(s), le cas échéant N/A	8 -- Corporation No.(s) - N°(s) de la(des) société(s) N/A
9 -- Name of other corporations involved, if applicable Dénomination sociale des autres sociétés en cause, le cas échéant N/A	10 -- Corporation No.(s) or Jurisdiction of Incorporation N°(s) de la(des) société(s)/ou loi sous le régime de laquelle elle est constituée N/A

11 -- In accordance with the order approving the arrangement - Conformément aux termes de l'ordonnance approuvant l'arrangement

- a. ☒ The articles of the above named corporation(s) are amended in accordance with the attached plan of arrangement
Les statuts de la(des) société(s) susmentionnée(s) sont modifiés en conformité avec le plan d'arrangement ci-joint
- The name of _____ is changed to _____
La dénomination sociale de _____ est modifiée pour _____
- b. ☒ The following bodies corporate are amalgamated in accordance with the attached plan of arrangement (see Schedule "A" and "B")
Les personnes morales suivantes sont fusionnées conformément au plan d'arrangement ci-joint
- Erdene Resources Inc. (437431-2)**
ADVANCED PRIMARY MINERALS CORPORATION (825376-5)
- c. ☐ The above named corporation(s) is(are) liquidated and dissolved in accordance with the attached plan of arrangement
La(les) société(s) susmentionnée(s) est(sont) liquidée(s) et dissoute(s) conformément au plan d'arrangement ci-joint
- d. ☒ The plan of arrangement attached hereto, involving the above named body(ies), corporate is hereby effected (see Schedule "B")
Le plan d'arrangement ci-joint portant sur la(les) personne(s) morale(s) susmentionnée(s) prend effet

Signature <i>[Signature]</i>	Printed Name - Nom en lettres moulées D. SUZAN FRAZER	12 -- Capacity of - En qualité de CORPORATE SECRETARY	13 -- Tel. No. - N° de tél. 902 444 8411
---------------------------------	---	---	--

FOR DEPARTMENTAL USE ONLY - À L'USAGE DU MINISTÈRE SEULEMENT

NOV 09 2012

Schedule "A"
Information Concerning Morien Resources Corp.

1. Name

The name of the amalgamated corporation shall be Morien Resources Corp. ("Morien" or "Corporation")

2. Registered Office

The registered office of Morien shall be located in the Province of Nova Scotia and the address of the registered office of Morien shall be 99 Wyse Road, Suite 1480, Dartmouth, Nova Scotia, B3A 4S5.

3. Authorized Capital

Morien shall be authorized to issue an unlimited number of common shares.

4. Terms and Conditions of the Common Shares of Morien

The rights, privileges, restrictions and conditions attaching to the common Shares of Morien shall be as follows:

4.01 Morien Common Shares

- (a) Voting Rights: The holders of the common shares shall be entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Corporation, and each such share shall confer the right to one vote in person or by proxy at all meetings of shareholders of the Corporation.
- (b) Dividends: The holders of the common shares shall be entitled to receive dividends as and when declared by the directors from time to time out of moneys of the Corporation properly applicable to the payment of dividends, and the amount per share of each such dividend shall be determined by the directors of the Corporation at the time of declaration.
- (c) Return of Capital: In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of its assets among the shareholder's by way of repayment of capital, whether voluntary or involuntary, the holders of the common shares shall be entitled to receive the remaining property of the Corporation.

5. Directors

5.01. Minimum and Maximum

The directors of Morien shall, until otherwise changed in accordance with the *Canada Business Corporations Act*, consist of a minimum number of one (1) and a maximum number of fifteen (15) directors.

5.02. First Directors

The first board of Morien will be comprised of five (5) members.

6. Business and Powers

There shall be no restriction on the business which Morien is authorized to carry on or on the powers which Morien may exercise.

7. Other Provisions

7.01. Appointment of Additional Directors

In accordance with section 106(8) of the *Canada Business Corporations Act*, the board of directors of Morien may appoint additional directors, who shall hold office for a term expiring not later than the close of the next annual meeting of shareholders, so long as the number of such additional directors so appointed does not exceed one-third of the number of directors elected at the previous annual meeting of shareholders.

7.02. By-Laws

By-law 1 of Morien, until repealed, amended or altered, shall be By-law 1 of Advanced Primary Minerals Corporation ("APM"), *mutatis mutandis*.

7.03. Incentive Stock Option Plan

The incentive stock option plan of Morien will be in the form of the incentive stock option plan of APM, *mutatis mutandis*, together with such changes as may be approved by Erdene, APM and the TSX Venture Exchange.

Schedule "B"

ERDENE RESOURCE DEVELOPMENT CORP.

- and -

ERDENE RESOURCES INC.

- and -

ADVANCED PRIMARY MINERALS CORP.

Plan of Arrangement under Part XV of the *Canada Business Corporations Act*

ARTICLE 1 - DEFINITIONS AND INTERPRETATION

1.1 Definitions. In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following capitalized words and terms shall have the following meanings:

- (a) **"Amalco"** means the corporation continuing from the amalgamation of APM and ERI, contemplated by this Plan of Arrangement, to form an amalgamated corporation to be known as "Morien Resources Corp.";
- (b) **"Amalco Common Shares"** means the voting common shares without par value of Amalco;
- (c) **"Amalco Option"** means an option to acquire one (1) Amalco Common Share:
 - (i) in the case of Amalco Options issued on the exchange of Erdene Options in accordance with Section 3.1(h) hereof, at an exercise price equal to twice the amount determined when the exercise price of the Erdene Option (the exchange for which the Amalco Option is partial consideration) is multiplied by a fraction, the numerator of which is the Fair Market Value of an Amalco Common Share and the denominator of which is the sum of the Fair Market Value of an Erdene New Share and the Fair Market Value of an Amalco Common Share, which exercise price shall be determined following the Effective Date when each of the Amalco Common Shares and the Erdene New Shares have traded on the TSXV and the TSX, respectively, for ten (10) trading days, provided that the

exercise price of the Amalco Options shall not be less than \$0.265 per Amalco Common Share; and

- (ii) in the case of Amalco Options issued on the exchange of APM Options in accordance with Section 3.1(g) hereof, at an exercise price equal to the exercise price of the APM Option (the exchange for which the Amalco Option is partial consideration) multiplied by seven decimal eighty-five (7.85).
- (d) **"APM"** means Advanced Primary Minerals Corporation, a corporation continued under the CBCA;
- (e) **"APM Common Shares"** means the voting common shares of APM without par value that APM is authorized to issue, as the same are constituted on the date hereof;
- (f) **"APM Dissenting Shares"** means the APM Common Shares held by APM Dissenting Shareholders;
- (g) **"APM Dissenting Shareholders"** means APM Shareholders who have duly and validly exercised Dissent Rights;
- (h) **"APM Letter of Transmittal"** means the letter of transmittal (prepared by the Exchange Agent together with APM) regarding the delivery of certificates in respect of the APM Common Shares to be completed and returned by the APM Shareholders to the Exchange Agent together with all other documents and instruments as the Exchange Agent or Amalco may reasonably require;
- (i) **"APM Meeting"** means the special meeting of the APM Shareholders to be held to consider, among other matters, the Arrangement and related matters, and any adjournment or postponement thereof;
- (j) **"APM Option"** means an option to acquire APM Common Shares;
- (k) **"APM Optionholders"** means the holders of APM Options;
- (l) **"APM Shareholders"** means holders of APM Common Shares;
- (m) **"Arrangement"** means the arrangement pursuant to the Arrangement Provisions on the terms and conditions set out herein;
- (n) **"Arrangement Agreement"** means the arrangement agreement dated the date hereof between Erdene, ERI and APM to which this Plan of Arrangement is attached as Schedule C, as it may be supplemented or amended from time to time;
- (o) **"Arrangement Provisions"** means section 192 of the CBCA, the Interim Order and the Final Order;
- (p) **"Articles of Arrangement"** means the articles in respect of the Arrangement required under subsection 192(6) of the CBCA to be filed with the Director after the Final Order has been granted;

- (q) **"Business Day"** means any day, other than a Saturday, a Sunday or a holiday, when Canadian chartered banks are open for business in the City of Halifax, Nova Scotia;
- (r) **"CBCA"** means the *Canada Business Corporations Act* R.S.C. 1985, c. C-44, and the regulations thereto, as now in effect and as it may be amended from time to time prior to the Effective Date;
- (s) **"Certificate"** means the certificate giving effect to the Arrangement endorsed by the Director on the Articles of Arrangement pursuant to subsection 192(7) of the CBCA;
- (t) **"Court"** means the Supreme Court of Nova Scotia;
- (u) **"Director"** means the director appointed pursuant to Section 260 of the CBCA;
- (v) **"Dissent Rights"** means the dissent rights in respect of the Arrangement described in Article 5 hereof;
- (w) **"Distribution Record Date"** means the close of business on that day after the Effective Date that Erdene and APM fix as the date for:
 - (i) determining the Erdene Shareholders entitled to receive certificates representing Erdene New Shares and Amalco Common Shares issued pursuant to this Plan of Arrangement; and
 - (ii) if applicable, determining the APM Shareholders entitled to receive certificates representing Amalco Common Shares issued pursuant to this Plan of Arrangement;
- (x) **"Effective Date"** means the date the Arrangement is effective under the CBCA, which is expected to be on or about October 31, 2012 or such other date as may be determined by Erdene and APM;
- (y) **"Effective Time"** means 12:01 a.m. (Eastern Time) on the Effective Date or such other time as may be determined by Erdene and APM;
- (z) **"Erdene"** means Erdene Resource Development Corporation, a corporation existing under the CBCA;
- (aa) **"Erdene Class A Common Shares"** means the renamed and redesignated Erdene Common Shares as described in Section 3.1(a) of this Plan of Arrangement;
- (bb) **"Erdene Common Shares"** means the voting common shares without par value which Erdene is authorized to issue, as the same are constituted on the date hereof;
- (cc) **"Erdene Dissenting Shares"** means the Erdene Common Shares held by Erdene Dissenting Shareholders;
- (dd) **"Erdene Dissenting Shareholders"** means Erdene Shareholders who have duly and validly exercised their Dissent Rights;

- (ee) **"Erdene Letter of Transmittal"** means the letter of transmittal (prepared by the Exchange Agent together with Erdene) regarding the delivery of certificates in respect of the Erdene Common Shares to be completed and returned by the Erdene Shareholders to the Exchange Agent together with all other documents and instruments as the Exchange Agent, Erdene or Amalco may reasonably require;
- (ff) **"Erdene Meeting"** means the special meeting of the Erdene Shareholders to be held to consider, among other matters, the Arrangement and related matters, and any adjournment or postponement thereof;
- (gg) **"Erdene New Option"** means an option to acquire one (1) Erdene New Share at an exercise price equal to twice the amount determined when the exercise price of the Erdene Option (the cancellation for which the Erdene New Option is partial consideration) is multiplied by a fraction, the numerator of which is the Fair Market Value of an Erdene New Share and the denominator of which is the sum of the Fair Market Value of an Erdene New Share and the Fair Market Value of an Amalco Common Share, with the Fair Market Value determined as of the date when the Erdene New Shares have traded on the TSX for ten (10) trading days;
- (hh) **"Erdene New Shares"** means the new class of voting common shares without par value which Erdene will create and issue as described in Sections 3.1(a) and (k) of this Plan of Arrangement and for which the Erdene Class A Common Shares are, in part, to be exchanged under this Plan of Arrangement and which, immediately after completion of the transactions comprising this Plan of Arrangement, will be identical in every relevant respect to the Erdene Common Shares;
- (ii) **"Erdene Option"** means an option to acquire Erdene Common Shares;
- (jj) **"Erdene Optionholders"** means the holders of Erdene Options;
- (kk) **"Erdene Shareholders"** means holders of Erdene Common Shares;
- (ll) **"ERI"** means Erdene Resources Inc., a corporation existing under the CBCA;
- (mm) **"Exchange Agent"** means Computershare Investor Services Inc., or such other Exchange Agent as Erdene and APM may appoint;
- (nn) **"Fair Market Value"** of a share means the volume weighted average trading price of the share on the TSX or the TSXV, as the case may be, for the ten (10) trading days immediately preceding the date on which the value is to be determined;
- (oo) **"Final Order"** means the final order of the Court approving this Arrangement pursuant to subsection 192 of the CBCA, as such order may be, amended or varied at any time prior to the Effective Time, or if appealed, then, until such appeal is withdrawn or denied, as affirmed or as amended on appeal;
- (pp) **"Interim Order"** means an interim order of the Court containing declarations and directions with respect to this Arrangement and the holding of the APM Meeting and the Erdene Meeting, as such order may be affirmed, amended or modified (provided that any such amendment is acceptable to Erdene and APM) by the Court;

- (qq) **"Non-Resident"** means:
- (i) a Person (other than a partnership) who is not a resident of Canada for the purposes of the *Tax Act*; or
 - (ii) a partnership that is not a "Canadian partnership" for the purposes of the *Tax Act*;
- (rr) **"Party"** means a party to the Arrangement Agreement and **"Parties"** means two or more of the parties to the Arrangement Agreement;
- (ss) **"Person"** means and includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, trustee, executor, administrator or other legal representative;
- (tt) **"Plan of Arrangement"** means this plan of arrangement, as the same may be amended from time to time; and
- (uu) **"Tax Act"** means the *Income Tax Act* (Canada), R.S.C. 1985 (5th Supp.) c.1, as amended.

1.2 **Interpretation Not Affected by Headings.** The division of this Plan of Arrangement into articles, sections, subsections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. Unless otherwise specifically indicated, the terms "this Plan of Arrangement", "hereof", "hereunder" and similar expressions refer to this Plan of Arrangement as a whole and not to any particular article, section, subsection, paragraph or subparagraph and include any agreement or instrument supplementary or ancillary hereto.

1.3 **Number and Gender.** Unless the context otherwise requires, words importing the singular number only shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter and words importing persons shall include firms and corporations.

1.4 **Meaning.** Words and phrases used herein and defined in the CBCA shall have the same meaning herein as in the CBCA, unless the context otherwise requires.

1.5 **Exhibits.** The following exhibits are attached hereto and are deemed to be incorporated into and form part of this Plan of Arrangement:

Exhibit 1 – Initial Rights and Restrictions for the Erdene New Shares

Exhibit 2 – Final Rights and Restrictions for the Erdene New Shares

ARTICLE 2 - ARRANGEMENT AGREEMENT

2.1 **Arrangement Agreement.** This Plan of Arrangement is made pursuant to, is subject to the provisions of, and forms part of the Arrangement Agreement.

2.2 **Binding Effect.** The Arrangement shall be binding upon Erdene, ERI, APM, Erdene Shareholders, Erdene Optionholders, APM Shareholders, APM Optionholders and holders of Amalco Common Shares on and from the Effective Time. Erdene and APM shall have the discretion and authority to determine when to make the necessary filings with the Director to cause the Effective Date to occur.

ARTICLE 3 - THE ARRANGEMENT

3.1 **The Arrangement.** At the Effective Time, the following shall occur and be deemed to occur in the following chronological order without further act or formality notwithstanding anything contained in the provisions attaching to any of the securities of Erdene, ERI or APM, but subject to the provisions of Article 5:

- (a) the authorized share structure of Erdene shall be altered by:
 - (i) renaming and redesignating all of the issued and unissued Erdene Common Shares as Erdene Class A Common Shares; and
 - (ii) creating the Erdene New Shares, being an unlimited number of new common shares without par value, as more particularly described in Exhibit I hereto being an unlimited number of common shares without par value with terms identical to the Erdene Common Shares on the date hereof,
- (b) Erdene's articles of incorporation shall be amended to reflect the alterations in Section 3.1(a);
- (c) Erdene shall transfer all of the issued and outstanding shares of ERI to APM in exchange for 360,028,650 APM Common Shares;
- (d) APM and ERI shall be amalgamated and continue as one corporation ("Amalco") in accordance with the following:
 - (i) *Name:* the name of Amalco will be "Morien Resources Corp.";
 - (ii) *By-laws:* By-law 1 of Amalco will be in the form of By-law 1 of APM, *mutatis mutandis*;
 - (iii) *Registered Office:* the registered office of APM will be the registered office of Amalco;
 - (iv) *Incentive Stock Option Plan:* the incentive stock option plan of Amalco will be in the form of the incentive stock option plan of APM, *mutatis mutandis*, together with such changes as may be approved by Erdene, APM and the TSXV; and
 - (v) *Directors:* the first board of Amalco will be comprised of five (5) members, who shall be acceptable to Erdene and who shall be described in the materials circulated in connection with the APM Meeting;

and as a result of such amalgamation:

- (A) the property of each amalgamating corporation shall be the property of Amalco;
 - (B) Amalco shall be liable for the obligations of each of APM and ERI;
 - (C) an existing cause of action, claim or liability to prosecution involving APM or ERI shall be unaffected;
 - (D) a civil, criminal or administrative action or proceeding pending by or against either APM or ERI may be prosecuted by or against Amalco;
 - (E) a conviction against, or ruling, order or judgment in favour of or against APM or ERI may be enforced by or against Amalco; and
 - (F) the Articles of Arrangement shall be deemed to be the articles of amalgamation of Amalco and, except for the purposes of subsection 104(1) of the CBCA, the Certificate shall be deemed to be the certificate of amalgamation of Amalco;
- (e) immediately upon the amalgamation as set forth in subsection 3.1(d), the shares of ERI owned by APM shall be cancelled without consideration and each APM Shareholder shall receive one (1) Amalco Common Share for every seven decimal eighty-five (7.85) APM Common Shares owned by such APM Shareholder;
 - (f) each issued and outstanding Erdene Class A Common Share shall be exchanged for one-half of one Erdene New Share and one-half of one Amalco Common Share owned by Erdene;
 - (g) the APM Options shall be exchanged for Amalco Options on the basis of one (1) Amalco Option for every seven decimal eighty-five (7.85) APM Options and, with respect to those Amalco Options issued to APM Optionholders who would not otherwise be eligible to be granted Amalco Options, such Amalco Options shall expire on the earlier of the expiry date of the APM Options for which they were exchanged and twelve (12) months after the Effective Date;
 - (h) each Erdene Option shall be exchanged for one-half of one Erdene New Option and one-half of one Amalco Option and, with respect to those Amalco Options issued to Erdene Optionholders who are directors of Erdene and who would not otherwise be eligible to be granted Amalco Options, such Amalco Options shall expire on the earlier of the expiry date of the Erdene Options for which they were exchanged and twelve (12) months after the Effective Date;
 - (i) Erdene shall cease to be the holder of the Amalco Common Shares issued to the Erdene Shareholders pursuant to Section 3.1(f) and the name of Erdene shall be removed from the central securities register of Amalco Common Shares with respect to the Amalco Common Shares so transferred;

- (j) Erdene Shareholders shall cease to be the holders of the Erdene Class A Common Shares exchanged pursuant to Section 3.1(f) and the name of each Erdene Shareholder who is so deemed to exchange his, her or its Erdene Class A Common Shares shall be removed from the central securities register of Erdene Class A Common Shares with respect to the Erdene Class A Common Shares so exchanged and shall be added to the central securities registers of Erdene New Shares and Amalco Common Shares as the holder of the number of Erdene New Shares and Amalco Common Shares deemed to have been received on the exchange, whereupon all of the issued Erdene Class A Common Shares shall be cancelled with the appropriate entries being made in the central securities register of Erdene Class A Common Shares; and
- (k) the terms and conditions of the Erdene New Shares shall be altered by removing all references to the cancelled Erdene Class A Common Shares, and the terms and conditions of the Erdene New Shares shall thereupon be as particularly described in Exhibit 2 hereto.

3.2 No Fractional Shares. Notwithstanding any other provision of this Arrangement no fractional Erdene New Share or Amalco Common Share shall be issued by Erdene or Amalco pursuant to this Plan of Arrangement, or be issuable by Erdene on the exercise of an Erdene New Option or be issuable by Amalco upon the exercise of an Amalco Option. The number of Erdene New Shares or Amalco Common Shares issuable to any particular former Erdene Shareholder pursuant to this Plan of Arrangement and the number of Amalco Common Shares issuable to any particular former APM Shareholder pursuant to this Plan of Arrangement shall be rounded down to the nearest whole number of shares.

3.3 Deemed Fully Paid and Non-Assessable Shares. All Erdene New Shares and Amalco Common Shares issued pursuant hereto shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the CBCA.

3.4 Supplementary Actions. Notwithstanding that the transactions and events set out in Section 3.1 shall occur and shall be deemed to occur in the chronological order therein set out without any act or formality, each of Erdene, ERI, APM and Amalco shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in Section 3.1 including, without limitation, any resolutions of their respective directors authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefor, and any necessary additions to or deletions from share registers.

ARTICLE 4 - CERTIFICATES

4.1 Effect of Arrangement. After the Effective Time:

- (a) certificates formerly representing Erdene Common Shares shall represent only the right to receive one-half of one Erdene New Share and one-half of one Amalco Common Share for each Erdene Common Share, which the former holders of such Erdene Common Shares is entitled to receive pursuant to Article 3 of this Plan of Arrangement subject to compliance with the requirements set forth in this Article 4; and
- (b) certificates formerly representing APM Common Shares shall represent only the right to receive one (1) Amalco Common Share for every seven decimal eighty-five (7.85) APM

Common Shares which the former holder of such APM Common Shares is entitled to receive pursuant to Article 3 of this Plan of Arrangement, subject to compliance with the requirements set forth in this Article 4.

4.2 Right of Erdene Shareholders to Receive Erdene New Shares and Amalco Common Shares.

(a) At the Effective Time:

- (i)** Erdene shall deposit with the Exchange Agent, for the benefit of the Erdene Shareholders, a global share certificate representing that number of Erdene New Shares equal to fifty percent (50%) of the number of Erdene Common Shares issued and outstanding at the Effective Time less fifty percent (50%) of the number of Erdene Dissenting Shares; and
- (ii)** APM shall cause Amalco to deposit with the Exchange Agent, for the benefit of the Erdene Shareholders, a global share certificate representing all of the Amalco Common Shares previously owned by Erdene, namely ninety-seven decimal twenty-five percent (97.25%), which are to be distributed to the Erdene Shareholders less the pro rata number of the Erdene Dissenting Shares.

(b) Subject to subsection 4.4, as soon as practical following the later of the Effective Date and the date of deposit with the Exchange Agent of a duly completed Erdene Letter of Transmittal, documents, certificates and instruments contemplated by the Erdene Letter of Transmittal and such other documents and instruments as the Exchange Agent or as Erdene may reasonably require, the Exchange Agent shall:

- (i)** forward or cause to be forwarded by first class mail (postage pre-paid), to the former Erdene Shareholder at the address specified in the Erdene Letter of Transmittal; or
- (ii)** if requested by the former Erdene Shareholder in the Erdene Letter of Transmittal, make available at the Exchange Agent for pickup by the former Erdene Shareholder; or
- (iii)** if the Erdene Letter of Transmittal neither specifies an address or contains a request as described in (ii), forward or cause to be forwarded by first class mail (postage pre-paid), to the former Erdene Shareholder at the address of such former Erdene Shareholder as shown on the share register maintained by Erdene immediately prior to the Effective Time,

certificates representing that number of Erdene New Shares and Amalco Common Shares issuable to such Erdene Shareholder as determined in accordance with the provisions hereof.

(c) No Erdene Shareholder shall be entitled to receive any consideration with respect to the Erdene Common Shares other than the certificates representing the Erdene New Shares and the Amalco Common Shares that they are entitled to receive in accordance with Article 3 of this Plan of Arrangement and, for greater certainty, no Erdene Shareholder will be entitled to receive any interest, dividends, premium or other payment in connection therewith.

- (d) Until such time as a former Erdene Shareholder deposits with the Exchange Agent a duly completed Erdene Letter of Transmittal, documents, certificates and instruments contemplated by the Erdene Letter of Transmittal and such other documents and instruments as the Exchange Agent, Erdene or Amalco reasonably requires, all certificates for Erdene New Shares and Amalco Common Shares to which such former Erdene Shareholder is entitled shall, subject to subsection 4.4, in each case be delivered to the Exchange Agent to be held in trust for such former Erdene Shareholder for delivery to the former Erdene Shareholder, without interest and net of all applicable withholding and other taxes, if any, upon delivery of the Erdene Letter of Transmittal, documents, certificates and instruments contemplated by the Erdene Letter of Transmittal and such other documents and instruments as the Exchange Agent, Erdene or Amalco reasonably requires.
- (e) Erdene, Amalco and the Exchange Agent shall be entitled to deduct and withhold from any consideration otherwise payable to any former Erdene Shareholder such amounts as Erdene, Amalco or the Exchange Agent are required to deduct and withhold with respect to such payment under the Tax Act, or any applicable provision of federal, provincial, state, local or foreign law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the former Erdene Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

4.3 Right of APM Shareholders to Receive Amalco Common Shares

- (a) At the Effective Time, APM shall cause Amalco to deposit with the Exchange Agent, for the benefit of the APM Shareholders, a global share certificate representing that number of Amalco Common Shares equal to two decimal seventy - five percent (2.75%) of the number of Amalco Common Shares issued and outstanding at the Effective Time less the pro rata number of the APM Dissenting Shares;
- (b) Subject to subsection 4.4, as soon as practical following the later of the Effective Date and the date of deposit with the Exchange Agent of a duly completed APM Letter of Transmittal, documents, certificates and instruments contemplated by the APM Letter of Transmittal and such other documents and instruments as the Exchange Agent or as APM may reasonably require, the Exchange Agent shall:
 - (i) forward or cause to be forwarded by first class mail (postage pre-paid), to the former APM Shareholder at the address specified in the APM Letter of Transmittal; or
 - (ii) if requested by the former APM Shareholder in the APM Letter of Transmittal, make available at the Exchange Agent for pickup by the former APM Shareholder; or
 - (iii) if the APM Letter of Transmittal neither specifies an address or contains a request as described in (ii), forward or cause to be forwarded by first class mail (postage pre-paid), to the former APM Shareholder at the address of such former APM Shareholder as shown on the share register maintained by APM immediately prior to the Effective Time,

certificates representing that number of Amalco Common Shares issuable to such APM Shareholder as determined in accordance with the provisions hereof.

- (c) No APM Shareholder shall be entitled to receive any consideration with respect to the APM Common Shares other than the certificates representing the Amalco Common Shares which they are entitled to receive in accordance with Article 3 of this Plan of Arrangement and, for greater certainty, no APM Shareholder will be entitled to receive any interest, dividends, premium or other payment in connection therewith.
- (d) Until such time as a former APM Shareholder deposits with the Exchange Agent a duly completed APM Letter of Transmittal, documents, certificates and instruments contemplated by the APM Letter of Transmittal and such other documents and instruments as the Exchange Agent or Amalco reasonably requires, all certificates for Amalco Common Shares to which such former APM Shareholder is entitled shall, subject to subsection 4.4 in each case be delivered to the Exchange Agent to be held in trust for such former APM Shareholder for delivery to the former APM Shareholder, without interest and net of all applicable withholding and other taxes, if any, upon delivery of the APM Letter of Transmittal, documents, certificates and instruments contemplated by the APM Letter of Transmittal and such other documents and instruments as the Exchange Agent or as Amalco reasonably requires.
- (e) APM, Amalco and the Exchange Agent shall be entitled to deduct and withhold from any consideration otherwise payable to any APM Dissenting Shareholder such amounts as APM, Amalco or the Exchange Agent are required to deduct and withhold with respect to such payment under the Tax Act or any applicable provision of federal, provincial, state, local or foreign law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the APM Dissenting Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

4.4 Surrender of Rights. Any certificate formerly representing Erdene Common Shares or APM Common Shares not duly surrendered on or prior to the 6th anniversary of the Effective Date shall cease to represent a claim or interest of any kind or nature against Erdene or Amalco by a former Erdene Shareholder or against Amalco by a former APM Shareholder. On such date:

- (a) all Erdene New Shares and Amalco Common Shares that the former Erdene Shareholder of such certificates was entitled shall be deemed to have been surrendered to Erdene or Amalco, as the case may be; and
- (b) all Amalco Common Shares that the former APM Shareholder of such certificates was entitled shall be deemed to have been surrendered to Amalco.

4.5 Right of APM Optionholders to Receive Replacement Options. Immediately after the Effective Time, any document or agreement previously evidencing an APM Option shall thereafter evidence the Amalco Options that the former holder of such APM Option is entitled to receive pursuant to Article 3 of this Plan of Arrangement. A holder of APM Options shall be entitled, upon delivery to Amalco at any time after the Effective Time, of the document or agreement previously evidencing an APM Option, to receive a replacement document or agreement evidencing the Amalco Options to which such holder is

entitled, which replacement document or agreement shall be executed by Amalco and on its face shall reflect the terms of the Amalco Options.

4.6 Right of Erdene Optionholders to Receive Replacement Options. Immediately after the Effective Time, any document or agreement previously evidencing an Erdene Option shall thereafter evidence the Erdene New Options and Amalco Options that the former holder of such Erdene Option is entitled to receive pursuant to Article 3 of this Plan of Arrangement, it being understood that the exercise prices thereof cannot be determined until the date following the Effective Date when each of the Amalco Common Shares and the Erdene New Shares have traded on the TSXV and the TSX, respectively, for ten (10) trading days. A holder of Erdene Options shall be entitled, upon delivery to Erdene at any time after the Effective Time, of the document or agreement previously evidencing an Erdene Option, to receive a replacement document or agreement evidencing the Erdene New Options and Amalco Options to which such holder is entitled, which replacement document or agreement shall be executed by Erdene or Amalco as the case may be, and on its face shall reflect the terms of the Erdene New Options and the Amalco Options.

ARTICLE 5 - RIGHTS OF DISSENT

5.1 Dissent Rights. Notwithstanding Section 3.1 hereof, APM Shareholders and Erdene Shareholders may exercise rights of dissent ("Dissent Right") in connection with the Arrangement pursuant to the Interim Order and in the manner set forth in section 190 of the CBCA, as modified by the Interim Order and this Plan of Arrangement ("Dissent Procedures").

5.2 Dealing with Dissenting Shares. APM Shareholders or Erdene Shareholders who duly exercise Dissent Rights with respect to their APM Common Shares or Erdene Common Shares, as the case may be, and who:

- (a) are ultimately entitled to be paid fair value for their APM Common Shares or Erdene Common Shares, as the case may be, which fair value, notwithstanding anything to the contrary contained in subsection 190(3) of the CBCA, shall be determined as of the close of business on the day before the Final Order is made, shall be paid an amount equal to such fair value by APM or Erdene, as the case may be, and all such APM Common Shares or Erdene Common Shares shall be deemed to have been transferred to APM or Erdene, as the case may be, as of the Effective Time; or
- (b) are ultimately not entitled, for any reason, to be paid fair value for their APM Common Shares or Erdene Common Shares, as the case may be, shall be deemed to have participated in the Arrangement, as of the Effective Date, on the same basis as a non-dissenting holder of APM Common Shares or Erdene Common Shares and shall be entitled to receive only the consideration contemplated herein which such holder would have received pursuant to the Arrangement if such holder had not exercised Dissent Procedures;

provided that, notwithstanding anything to the contrary contained in subsection 190(11) of the CBCA, in no case shall APM, Erdene or Amalco or any other person be required to recognize dissenting shareholders as APM Shareholders, Erdene Shareholders or Amalco Shareholders after the Effective Time and the names of such dissenting APM Shareholders or Erdene Shareholders shall be deleted from the register of APM Shareholders, Erdene Shareholders and Amalco Shareholders, as the case may be, on the Effective Date.

5.3 Reservation of Amalco Common Shares and Erdene New Shares. If an Erdene Shareholder exercises his, her or its Dissent Rights, Erdene shall, on the Effective Date, set aside and not distribute that portion of the Amalco Common Shares and the Erdene New Shares that are attributable to the Erdene Common Shares for which Dissent Rights have been exercised. If the Erdene Dissenting Shareholder is ultimately not entitled to be paid for their Erdene Common Shares, Erdene shall distribute to such Erdene Dissenting Shareholder his, her or its pro rata portion of the Amalco Common Shares and the Erdene New Shares. If an Erdene Dissenting Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid for his, her or its Erdene Common Shares, then Erdene shall retain the portion of the Amalco Common Shares and the Erdene New Shares attributable to such Erdene Dissenting Shareholder and such shares will be cancelled.

5.4 Reservation of APM Common Shares. If an APM Shareholder exercises his, her or its Dissent Rights, Amalco shall on the Effective Date set aside and not distribute that portion of the Common Shares which is attributable to the APM Common Shares for which Dissent Rights have been exercised. If the APM Dissenting Shareholder is ultimately not entitled to be paid for his, her or its APM Common Shares, Amalco shall distribute to such APM Shareholder his, her or its pro rata portion of the Amalco Common Shares. If an APM Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid for their APM Common Shares, then Amalco shall retain the portion of the Amalco Common Shares attributable to such APM Dissenting Shareholder and such shares will be cancelled.

ARTICLE 6 - AMENDMENT

6.1 Amendment of Plan of Arrangement. The Parties hereto agree as follows:

- (a) Erdene and APM may amend, modify and/or supplement this Plan of Arrangement at any time and from to time, provided that any amendment, modification or supplement must be contained in a written document which is filed with the Court and, if made following the Erdene Meeting and the APM Meeting, approved by the Court and communicated to the Erdene Shareholders and the APM Shareholders if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Erdene or APM at any time prior to or at the Erdene Meeting and the APM Meeting with or without any prior notice or communication and, if so proposed and accepted by the persons voting at the Erdene Meeting and the APM Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Erdene Meeting and the APM Meeting shall only be effective if it is consented to by Erdene and APM acting reasonably.
- (d) Erdene, APM and ERI may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Erdene Meeting and the APM Meeting and prior to the Effective Time, with the approval of the Court.
- (e) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

ARTICLE 7 - REFERENCE DATE

7.1 **Reference Date.** This Plan of Arrangement is dated for reference August 7, 2012.

Exhibit 1

ERDENE RESOURCE DEVELOPMENT CORP.

(the "Corporation")

Initial Rights and Restrictions for the Erdene New Shares

1.1 The Erdene Common Shares

The Erdene Common Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

(a) Voting

The holders of the Erdene Common Shares shall be entitled as such to receive notice of, attend and vote at any meeting of the shareholders of the Corporation.

(b) Dividends

Subject to the prior rights of holders of any shares of the Corporation ranking in priority to the Erdene Common Shares, the holders of the Erdene Common Shares shall be entitled to receive, if, as and when declared by the Board of Directors, non-cumulative cash dividends in an amount or amounts to be determined by the Board of Directors from time to time.

(c) Dissolution

In the event of liquidation, dissolution or winding-up of the Corporation or other return of capital by the Corporation, whether voluntary or involuntary, the holders of the Erdene Common Shares are entitled to receive, before any distribution of any part of the profits and assets of the Corporation among the holders of the Erdene Common Shares, a payment of an amount equal to One Cent (\$0.01) per Erdene Common Share to the extent of the amount of value of property available under applicable law for payment to shareholders upon such liquidation, dissolution or winding-up, and will thereupon be entitled to participate *pari passu* with the holders of the Erdene Class A Common Shares, if any, with respect to the distribution of any remaining part of the profits and assets of the Corporation upon such liquidation, dissolution or winding-up.

Exhibit 2

ERDENE RESOURCE DEVELOPMENTS CORP.

(the "Corporation")

Final Rights and Restrictions for the Erdene New Shares

1.1 The Erdene Common Shares

The Erdene Common Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

(a) Voting

The holders of the Erdene Common Shares shall be entitled as such to receive notice of, attend and vote at any meeting of the shareholders of the Corporation.

(b) Dividends

Subject to the prior rights of holders of any shares of the Corporation ranking in priority to the Erdene Common Shares, the holders of the Erdene Common Shares shall be entitled to receive, if, as and when declared by the Board of Directors, non-cumulative cash dividends in an amount or amounts to be determined by the Board of Directors from time to time.

(c) Dissolution

In the event of liquidation, dissolution or winding-up of the Corporation or other return of capital by the Corporation, whether voluntary or involuntary, the holders of the Erdene Common Shares are entitled to receive any remaining part of the profits and assets of the Corporation upon such liquidation, dissolution or winding-up.